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10 **UNITED STATES BANKRUPTCY COURT**
11 **DISTRICT OF NEVADA**

12
13 In re:
14 CAREER COLLEGES, INC.,
15 Debtor.

16 Case No. 24-50132-hlb
17 Chapter 7

18
19 **STIPULATION RESOLVING**
20 **OBJECTION TO CLAIM 14 AND**
21 **MOTION FOR TURNOVER**

22
23 CHRISTOPHER P. BURKE, the chapter 7 trustee of the above-captioned bankruptcy
24 estate (“Trustee”) and claimant TUITION OPTIONS LLC (“Creditor”) hereby stipulate and
25 agree as follows:

26 WHEREAS, pre-bankruptcy, the above-captioned debtor (“Debtor”) operated a college
27 focused on technical careers, such as welding. Students paid tuition and associated costs to
28 Debtor in exchange for the education rendered; and

29 WHEREAS, many of the Debtor’s students paid their tuition using student loans, self-
30 financed by the Debtor; however, Debtor is not a financial institution, so the student loans were
31 technically not loans, but instead were retail installment contracts (“RICs”); and

32 WHEREAS, Creditor is a servicer of student loans/RICs; and

33 WHEREAS, on July 19, 2023, Creditor and the Debtor entered into a loan agreement for
34 which the Creditor provided Debtor with a loan in the principal amount of \$600,000 (“Loan”);
35 and

36 WHEREAS, on or about July 19, 2023, the Debtor and Creditor entered into a security
37 agreement (“Security Agreement”), whereby Debtor pledged its RIC receivables as collateral
38 for the Loan; and

1 WHEREAS, Section 7(b) of the Security Agreement states that Debtor authorizes
2 Creditor to file a UCC-1 in order to perfect the security interest; and

3 WHEREAS, Creditor filed a UCC-1 on February 12, 2024; and

4 WHEREAS, on or about July 31, 2024, Creditor and Debtor entered into a servicing
5 agreement (“Servicing Agreement”) in which Creditor became the student loan/RICs servicer
6 for Debtor; and

7 WHEREAS, pursuant to the Servicing Agreement, Creditor serviced and collected
8 accounts receivables from students due on the RICs, and forwards the proceeds to Debtor less
9 Creditor’s fees and other amounts to which Creditor is entitled pursuant to the terms of the
10 Servicing Agreement; and

11 WHEREAS, on February 9, 2024 (“Petition Date”), Debtor filed this bankruptcy case;
12 and

13 WHEREAS, on June 11, 2024, Creditor filed proof of claim 14 in this bankruptcy case
14 (“Claim 14”) in the amount of \$518,248.30, as a secured claim; and

15 WHEREAS, post-petition, Creditor has collected approximately \$140,000 in Debtor’s
16 RIC receivables; and

17 WHEREAS, applying the post-petition amounts collected against the Petition Date loan
18 balance (but excluding post-petition interest), Creditor is still owed approximately \$378,000;
19 and

20 WHEREAS, on October 15, 2024, the Trustee filed an objection to claim 14
21 (“Objection”), objecting to the security interest claimed by Creditor (on the basis that it was not
22 perfected via a pre-petition UCC-1); and furthermore seeking turnover of all amounts collected
23 post-petition by Creditor; and

24 WHEREAS, Creditor notes that it is in possession of the collateral, and therefore asserts
25 that it is perfected under New Jersey law; and

26 WHEREAS, Creditor further provided information to the Trustee that the remaining RIC
27 portfolio is worth only an estimated \$77,000; and

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WHEREAS, based on the information provided, the Trustee and Creditor have reached a resolution of the Objection, on the terms contained below; and

WHEREAS, the Trustee concurs that the secured portion of the filed Claim 14 is equal to \$210,000 ($=\$140,000 + \$77,000$), and that the remaining portion of Claim 14 (\$308,248.30) is unsecured;

THEREFORE, the parties hereto hereby stipulate as follows:

1. Claim 14 shall be an allowed claim as follows: \$210,000 secured and \$308,248.30 unsecured.

2. The Trustee shall file a notice of abandonment of the remaining RIC receivables to the Creditor, on the basis that they are the Creditor's secured collateral, using the local rules for negative notice of abandonment.

IT IS SO STIPULATED.

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DATED: December 31, 2024

ARCHER & GREINER, P.C.

By: /s/ Harrison Breakstone

HARRISON H.D. BREAKSTONE, ESQ.
Attorney for Claimant

DATED: December 31, 2024

ATKINSON LAW ASSOCIATES LTD.

By: /s/ Robert Atkinson

ROBERT E. ATKINSON, ESQ.
Attorney for Christopher P. Burke, Trustee